

## **Pharmacy Commission Scope**

### **October 27, 2005**

#### **Commission Charge**

The biennial budget, 2005 Act 25, as vetoed by the Governor reduces Medicaid pharmacy reimbursement for name brand drugs to the Average Wholesale Price (AWP) minus 16 percent and reduces the dispensing fee for all prescriptions by \$0.50, from \$4.38 to \$3.88. These changes were estimated to decrease expenditures over the biennium by \$29.5 million all funds.

DOA instructed DHFS to suspend the budget implementation of these changes while a Commission appointed by the Governor is convened to recommend pharmacy policy changes to achieve the same level of Medicaid expenditure reductions. The Commission report is due January 31, 2006.

The budget also requires DHFS to recommend an alternative to the Medicaid AWP drug pricing methodology by June 30, 2006 for purposes of consideration in the 2007-09 state budget.

#### **Plan of Work**

1. Initial Meeting – November 17<sup>th</sup>
  - Introduction of Commission members and key staff
  - Review statutory requirement for public meetings
  - Review and affirm Commission charge and plan of work
  - Overview of Medicaid pharmacy expenditures, policy and reimbursement (DHFS)
  - Review fiscal effect of AWP and dispensing fee changes (DHFS)
  - Information on commercial market rates
  - Information on MA rates paid by other states
  - Discussion of impact of proposed changes on pharmacists and consumers
  - Discussion of policy alternatives
  - Determine follow-up actions and next steps
2. Second Meeting - December 15<sup>th</sup>
  - Review of relevant Medicaid policy changes under consideration at federal level
  - Invited testimony
  - Public testimony
  - Committee discussion
  - Determine follow-up actions and next steps
3. Third Meeting - January 12<sup>th</sup>
  - Review staff analysis of designated alternative policies
  - Invited testimony
  - Public testimony
  - Commission discussion
  - Develop and discuss Commission recommendations
  - Assignments to staff for preparation of draft report
4. Final Meeting - January 24<sup>th</sup>
  - Review and discussion of draft report
  - Formal action on recommendations
  - Determine format and procedures for producing Final Report including procedures for dissenting opinions
  - Closing statements
5. Deliver Report to Governor Doyle - January 31<sup>st</sup>.